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DEPARTMENT OF STATE

Washington, D.C. 20520

July 12, 1982

NSC review completed - may be declassified in full

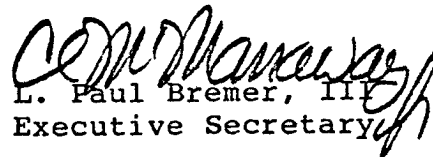
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Senior Interagency Group No. 14

TO : OVP - Mrs. Nancy Bearg Dyke
NSC - Mr. Michael O. Wheeler
CIA -
DOD - COL John Stanford

SUBJECT: SIG Discussion Paper on Gulf of Sidra

Attached is a discussion paper for the SIG meeting Wednesday, July 14, at noon. It reflects interagency comments. The intelligence assessment referred to in the paper is available through CIA and DIA channels.


L. Paul Bremer, III
Executive Secretary

Attachment:

As stated.

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(Working Paper)

SIG Discussion Paper: Gulf of Sidra

Issue: Should the US exercise in international waters claimed by Libya and, if so, when and how?

1. Background

The United States has traditionally held naval exercises in the Gulf of Sidra off Libya. A summary of those exercises, including those which penetrated Libyan-claimed waters, is at Tab 1. In 1973 Libya claimed that the Gulf, south of the line 12 nm north of 32 30' (see map at Tab 2), was Libyan territorial waters. For the following six years the US continued exercises in the Gulf and sometimes below the Libyan closure line. Following Libyan protests in 1980 and Libyan harassment of US reconnaissance flights, the US decided to discontinue exercises in Libyan claimed waters during the period of tension caused by the Iran hostage crisis.

In August 1981, the US resumed its exercise program in the area and penetrated below the closure line with aircraft and ships. Two Libyan aircraft attacked US fighters below the line and were shot down. Since then no US aircraft or ship has penetrated the zone, even on routine reconnaissance missions.

Qadhafi has since repeatedly and publicly claimed that any further US penetration of the Libyan zone would result in hostile reaction on the part of the Libyans.

The issue currently under review is whether to hold an exercise in the Gulf of Sidra this August. If it is decided to hold an exercise in the area again, DOD recommends that the exercise be similar in character to last year's missile exercise, i.e., that missiles would be fired at target drones. The exercise would be publicly designated as an area hazardous to navigation through standard international notification procedures. During the course of the exercise which may last up to two days, US aircraft and ships will operate below the Libyan claimed closure line.

The Gulf of Sidra is the most desirable place in the Mediterranean available for unconstrained open ocean missile exercises. Our 1981 exercise there was part of our worldwide program of challenging territorial water claims that we do not

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accept. Last year's exercise was, however, more than a resumption of our previous exercise pattern. The exercise last year was part of a US program to stand up to Libyan lawlessness.

To deter Libyan support of terrorism and subversion and to encourage those opposing Libya, the US took a number of other steps:

- o increased security assistance and intelligence cooperation with threatened states;
- o closed the Libyan People's Bureau in Washington;
- o withdrew American citizens from Libya; and
- o imposed economic sanctions against Libya.

2. Relationship of an Exercise to US Objectives

Despite some attempts to reduce their visibility of support, the Libyans have continued to finance and foster terrorist groups and forces subverting such friendly regimes as Sudan and Somalia.

Some conditions have changed, however, since the exercise last August. (1) Most of the American citizens who were in Libya have left at the request of the USG, (2) we have the complicating factor of the current Lebanon crisis and its aftermath, (3) Qadhafi no longer has as much potential economic leverage through withholding his oil from the world market; the US, in particular, has no dependence on Libyan oil because its importation has been banned, (4) allied and littoral nations have expressed uneasiness about the prospects of another exercise and a strong desire to be informed before any further challenge to Libya's claim to the Gulf of Sidra, (5) the Iranian defeat of Iraq has caused humiliation among Arab nations and an invasion of Iraq is anticipated, and (6) we have the precedent of a shutdown during the last exercise.

It is possible that in the wake of his anticipated election to the OAU chairmanship in early August, Qadhafi will attempt to use the OAU as a cover for further aggression (perhaps the introduction of Libyan forces into Chad again).

Holding another US exercise in the Gulf of Sidra could reinforce our opposition to Qadhafi and could encourage those within and without Libya who oppose the Qadhafi regime. Nonetheless, there are risks, as discussed below.

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As is indicated in the intelligence assessment attached, Libya can be expected to attack any US exercise in the Gulf of Sidra. Qadhafi has undertaken efforts to improve the capability of Libya to respond to US forces operating in the Gulf of Sidra. Dispersal and increased protection of aircraft indicate that Libya expects US action in the event of conflict between forces at sea. One key judgment of the interagency assessment is that hostile Libyan action against an exercise would almost certainly involve attempting to intercept US aircraft and could include attacks on US ships by fighter aircraft, submarines, or ship launched surface-to-surface missiles.

At the same time, Libya has shown a facade of reasonableness by indicating a willingness to have the US-Libyan differences over the Gulf closure line adjudicated in the International Court of Justice. Some states may question why we resumed exercises without exploring that offer. Nonetheless, going to the ICJ would set a precedent which many other nations could use regarding their disputed waters.

In addition to the Libyan reaction, those of other states are also central to our decision:

- o Regional states will react in a largely negative, but not uniform manner. Qadhafi has few friends in regional states (except Syria, Ethiopia, and PDRY). Nonetheless, most area governments would fear negative public reactions from their people viewing the US "beating up" on a brother Arab state. Some believe that area governments opposed to Qadhafi (Morocco, Tunisia, Egypt) could view another incident as a futile gesture that could increase Qadhafi's public standing, in the absence of a concerted program to assist in the establishment of a new regime in Tripoli. The key issue this summer is the delicate state of US relations with the Arab world because of Arab perception of US support for Israel in Lebanon. A US action that is seen in the Arab world as a provocation could tip the balance against us at this delicate time.

- o African reactions might be conditioned by the time proximity of the exercise to the OAU summit in Tripoli during the first week in August. They would react negatively if the exercise appeared to be a reaction to the OAU's selection of Qadhafi as chairman.

- o European states could also react negatively to another incident because it could add to anti-American feelings in Europe if the US were seen to be provoking military confrontations. Moreover, several Allies (Italy, Turkey) have lucrative

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economic ties with Libya and fear Libyan reprisals against US bases in Europe.

o The Soviet Union would probably not back Libya with anything more than propaganda and renewed offers to sell military hardware. The Libyans are currently having a severe cash-flow problem and might be unable to buy new arms. They might be forced to give in to Soviet base demands in trade for new arms. In any event, CIA believes that the Soviets might increase their naval and aircraft visits. An enlarged Soviet advisory group is also a possible outcome.

3. War Powers

The War Powers Resolution requires prior consultations with the Congress "in every possible instance" and a report within 48 hours of the introduction of US forces into situations in which imminent involvement in hostilities is clearly indicated by the circumstances. In 1981, there was no formal War Powers notification or report, since we had no reason to anticipate that hostilities were likely. Congressional leaders were briefed after the exercises. Given the fact that Qadhafi has publicly said he would attack US ships if they re-entered the Gulf, the issue will need to be considered in connection with any new exercise. We would need to assess the risk of hostilities based on available information regarding Libyan intentions immediately prior to an exercise to determine whether prior consultations and a report would be required. It would be prudent to consult in advance with the Congress in any event, however, to assure understanding of our objectives. If any hostile incidents were to occur, we would need to assess what further actions would be required under the Resolution.

4. Rule of Engagement

Peacetime Rules of Engagement (ROE), which are predicated on the inherent right of self-defense, will be in effect for the exercise. Under peacetime ROE, a commander facing a situation where the potential for hostile action is present would first attempt to control the situation without resorting to force, either by separating his force from that particular situation, or by communicating a warning to a potential adversary to cease his activity or leave the area. Should a hostile act be committed against a US unit, the commander would

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attempt to control the situation by applying defensive measures (to include the use of minimum force) against the individual perpetrator at first, and not the entire force to which the adversary belongs. If it becomes evident that there are no other means to dissuade another force from hostile action, the on-scene commander is authorized to use armed force in order to defend his forces. Each incident must be considered on an individual basis and reevaluated as circumstances dictate.

5. US Response Options

In the event of large-scale or repeated Libyan attacks on US forces, Washington authorities could permit the US forces to move beyond immediate self-defense to initiate strikes against aircraft and ships which, although deployed, had not begun to attack. If strikes against Libyan territory are necessary for self-defense, Washington authorities would have to review the option to conduct strikes against military targets, such as airfields, naval bases, and command and control sites, from which attacks were launched. Detailed plans are available for review by the National Command Authority. Additional Congressional consultations would be required as soon as possible under either of these response options. (CIA believes that strikes against military targets inside Libya would generate certain international condemnation and raise the possibility of active involvement by Soviet advisors already in Libya.)

6. Variables in a Decision

There are three factors that will comprise a decision on this issue: a) whether to continue to exercise in Libyan claimed waters, b) when to exercise next, and c) what type of exercise to hold.

o Whether to Continue Exercises. All agencies support continued exercises in Libyan claimed waters. These exercises are a necessary manifestation of our willingness to stand-up to Libya, to support our world-wide freedom of navigation challenge program, and provide the Navy with desirable training.

Last year, several states (Algeria, Egypt, Israel, Tunisia, Sudan, Jordan, and Oman, to name a few) indicated approval of US action in private if not publicly. In many cases, they cited the fact that the US had conducted the operation in international waters and had given adequate notification to all concerned.

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If we do not exercise in the Gulf of Sidra anytime in the future, there might be negative results for the US. The absence of another exercise would be noticed by regional states. Qadhafi might point to the fact that he had deterred the US with his threats. A recent Newsweek story that we had decided against an exercise this year may provoke such a response. If the US media emphasize that Washington decided not to hold an exercise out of fear of incurring casualties, or for similar reasons, it could tempt Qadhafi into imprudent statements. Qadhafi might take note of the anniversary of the Gulf of Sidra exercise in the Libyan press, reminding the public of the great "victory" that the regime won by engaging a superpower in defense of Libyan territory.

When to Exercise Next

The timing of an exercise is dependent upon the Sixth Fleet carrier rotation schedule. The next target date for an exercise is August 23. A go/no-go decision would be required no later than August 15, in order to consult with Congress, notify the Allies, and issue an order for a notice to airmen and mariners.

If the decision is taken that late, planning and movement of assets (target drones, etc.) will have occurred. Because of the large number of people involved in such planning and movement, the chances of a press leak would be fairly high. Thus, although it is possible to defer a decision until mid-August, and then to defer the exercise, doing so may run the risk of press stories that the US had cancelled a scheduled exercise. Future carrier schedules indicate that the next best time will be January 1983.

One view holds that we should not exercise in August. This argument is that the normal adverse Arab reaction to a US-Libyan incident would be unacceptably negative in the wake of the Israeli invasion of Lebanon. Arab states would still be assessing our role in the Lebanon crisis and Arab publics would continue to feel anti-American sentiments. An incident that could be seen as the US provoking an Arab state, could produce sharply anti-US responses that would undercut the ability of moderate regimes to cooperate with us. This view holds that we should prepare for an exercise in January.

Another view holds that we should exercise in August to reinforce our freedom of the seas claim, and maintain pressure on Qadhafi as he begins his year as OAU chairman. This

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view holds that the climate in the Arab world may have improved by late August, particularly if the US had by then been instrumental in saving the PLO in Beirut and effecting the beginnings of an Israeli withdrawal. This view also holds that the Arab world regards Libya as a separate issue from Lebanon, that many in the Arab world reject Qadhafi, and that Arabs would not see US action against Libya as part of a plot with the Israelis to attack Arab states.

What Type of Exercise

The JCS recommend a missile exercise, as described earlier. Such an exercise can be justified on the grounds of necessary training, as well as the other reasons mentioned earlier. Moreover, a missile exercise may put the Task Force in a better defensive position should the Libyans attack.

Another option is to sail through the Libyan claimed waters with some number of ships and aircraft, without prior notification to commercial traffic. The Intelligence community believes that Libya would probably detect the movement and, because Libyan forces have been told to expect a US invasion, would probably respond aggressively. They might not, however, have time to mount a major attack because of the absence of prior notification.

The sail through option has some attractiveness because by not clearly confronting Qadhafi it might limit the Libyan response and, thus, the scope of any incident. Nonetheless, the unexpectedness of a sail through may, CIA believes, jolt the Libyans into an overreaction. Another disadvantage is that it would allow Qadhafi to claim that he had deterred the US from the type of exercises we had done in the past. The goal of challenging Libyan territorial claims would be met, but the goals of standing up to Qadhafi and providing missile training might not be.

7. When and How to Notify Our Allies

For the 1981 Gulf of Sidra exercise, it was decided that the US would do no more than have low level embassy officials draw the attention of regional states to the issuance by the US of Notices to Mariners (NOMAR) and Notices to Airmen (NOTAM) 3-5 days before the exercise. We chose this course to: 1) limit time available to protest the exercise, and 2) minimize Libyan preparations.

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Because of last year's incident and Qadhafi's public claims that he will attack US forces in the Gulf and US nuclear facilities in Europe if we stage another exercise, regional states and our Allies believe that we have an obligation to consult with them over what they anticipate will be an exercise with escalatory potential.

* * * * *

The decision tree, and a comparison of goals and options, is at Tab 3. It should be noted that only a decision to continue exercises requires follow-on decisions; and only a decision to have some exercise in August requires a decision at this time on the type of exercise. A decision to plan now for an exercise on August 23, 1982 would entail a go/no-go decision on execution by August 15.

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Subject: US Operations in the Vicinity of the Gulf of Sidra (S)

MAJOR POINTS:

- Oct 73: Permanent representative of Libyan Arab Republic to United Nations announced in a note verbale that the Gulf of Sidra south of 32°30'N was an integral part of Libya and under its complete sovereignty.
- COMSIXTHFLT conducts two-three open ocean missile exercises each year to maintain fleet readiness
 - Gulf of Sidra is best area in Mediterranean to conduct missile firings (located in international waters)
 - Other missile firing ranges available to SIXTHFLT are in controlled airspace which require prior coordination/scheduling
 - Namfi - scheduled through SHAPE HQS; located north of Crete
 - Salto di Querra - controlled by Italians; located southeast of Sardinia
- Jul 77 - Apr 79: SIXTHFLT conducted exercises in Gulf of Sidra on 5 occasions (Jul 77; Mar, Jul, Sep 78; Apr 79)
 - Not all exercises included operations south of 32°30'N nor were they all missile exercises (MISSILEX)
- Open ocean MISSILEX (OOM) and transit activity.
 - 7 Sep 78 OOM: No operations south of 32°30'N
 - 16/17 Feb 79 transit: Flight operations to within 55NM of Libya
 - No Libyan reaction
 - 29 Jul 79 OOM: Two S-3 aircraft conducted surveillance operations south of 32°30'N for approximately eight minutes
 - Libyans protested MISSILEX
 - 20/22 Jan 80 transit: Two surface ships transited across Gulf of Sidra at 32°35'N
 - No Libyan reactions noted

-- 14 Jun 80 OOM: NOTAM included area south of 32°30'N

--- Note verbale delivered stating that Libya "protests this hostile action and at the same time reserves her right to take all the measures, which she deems appropriate, to defend her rights and legitimate interests within her territorial waters."

--- Libyans declared three airspace restrictions to conduct military training in the same area

--- State (Mr. David Newson) and OSD (Mr. R. W. Komer) requested that no US exercise activity be conducted south of 32°30'N

--- Minimal Libyan reaction to exercise (reconnaissance activity)

-- 21 Sep 80 OOM: NOTAM included area south of 32°30'N

--- Libyans protested operation

--- Libyans declared forces would exercise in same area

--- Libyan air and surface activity and Soviet naval presence temporarily delayed the exercise

---- Portions of the exercise were cancelled

--- Operations south of 32°30'N cancelled

SUMMARY

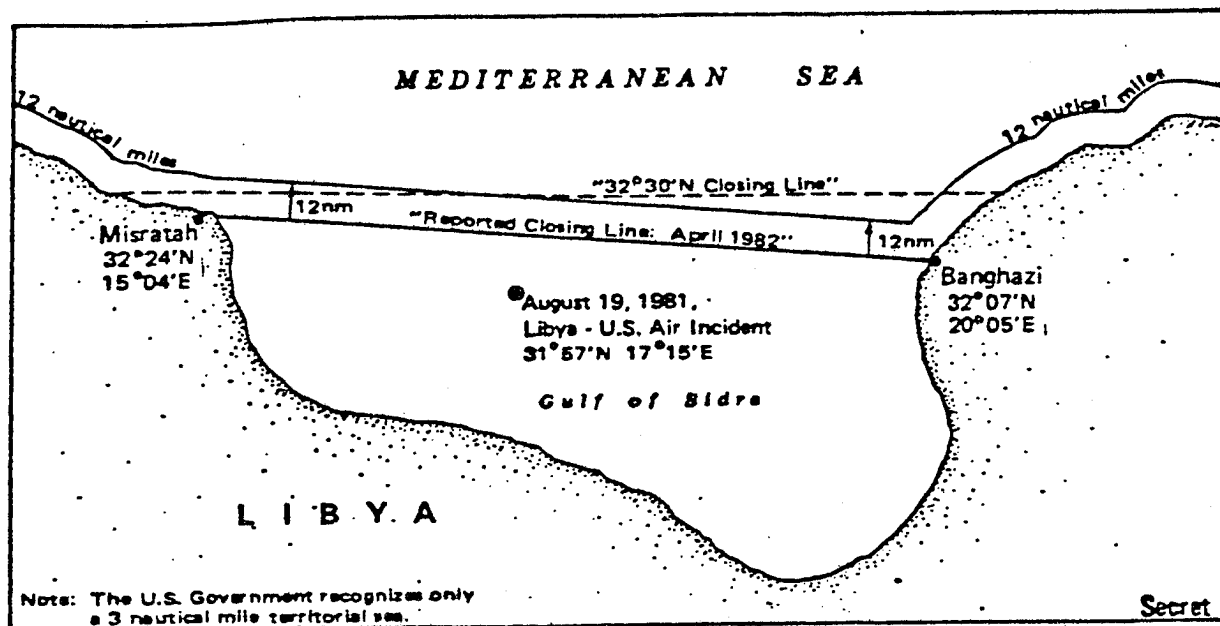
- During the June and Sep 1980 OOMs, US has cancelled planned activity south of 32°30'N in response to Libyan protests

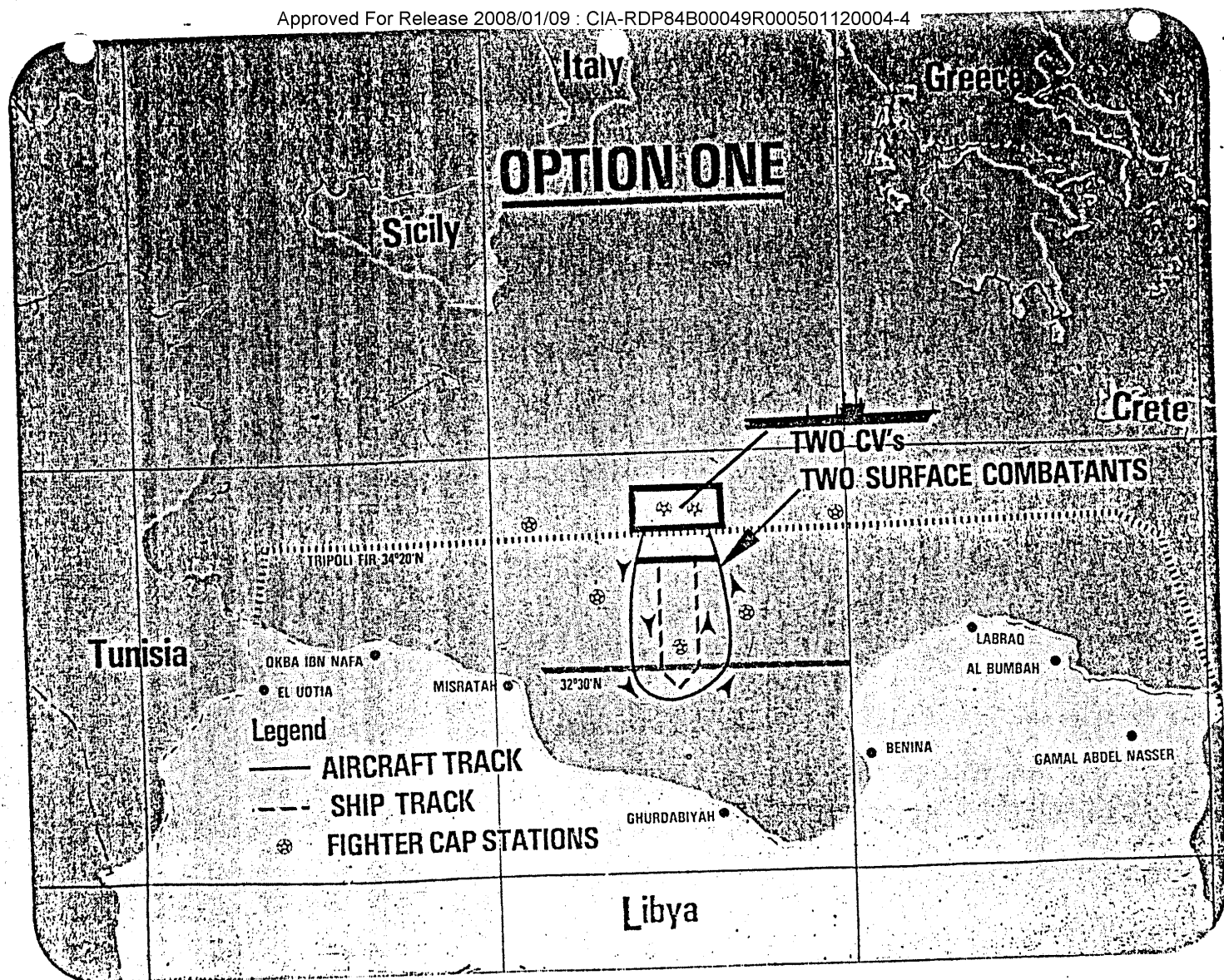
--- Provided tacit recognition of Libya's illegal maritime claim

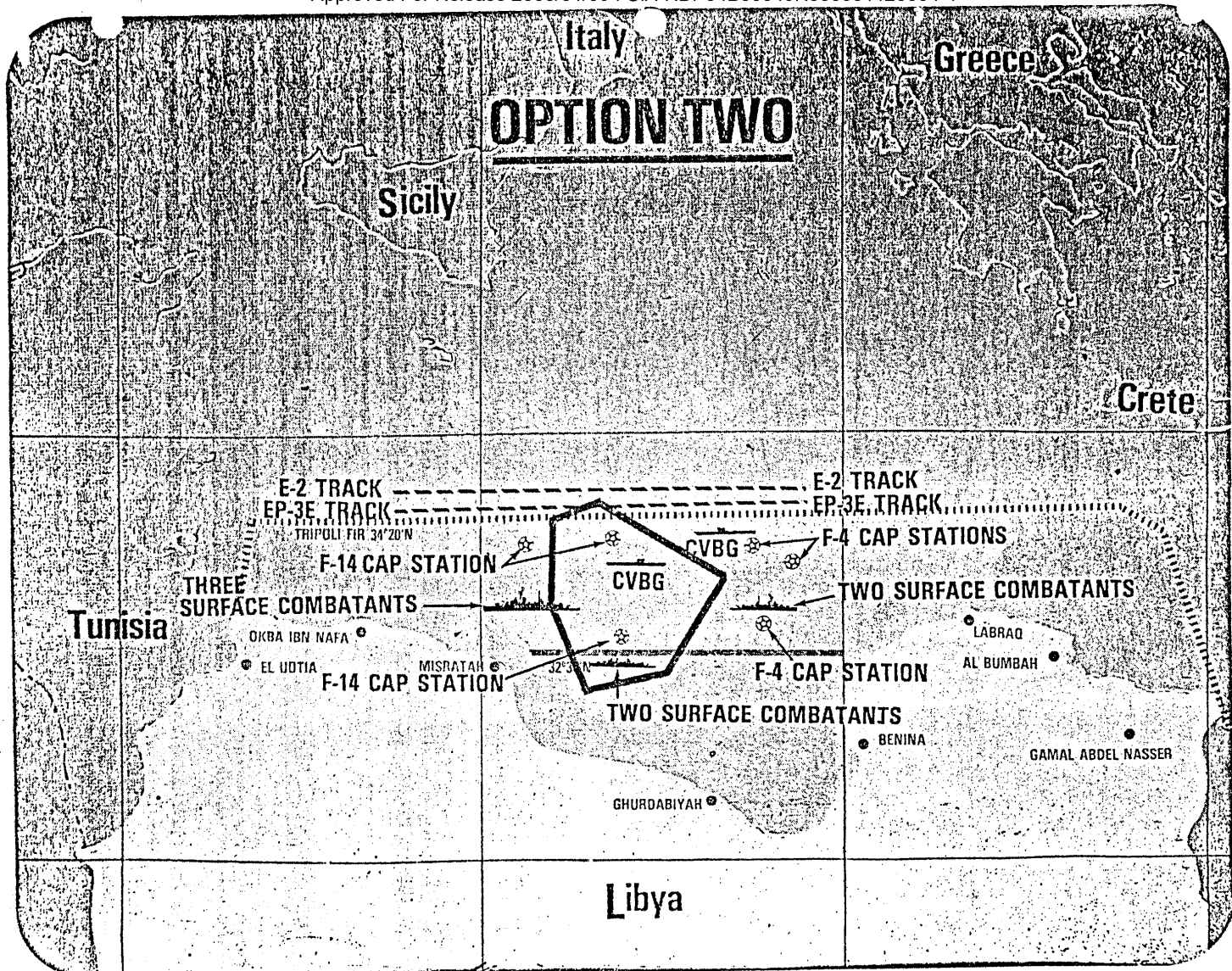
- NSC "Navigation and Overflight Policy Paper" approved in Feb 79 states:

-- "US should exercise its rights in the face of illegal claims to the extent practicable and should avoid actions which are viewed as acquiescence in such illegal claims."

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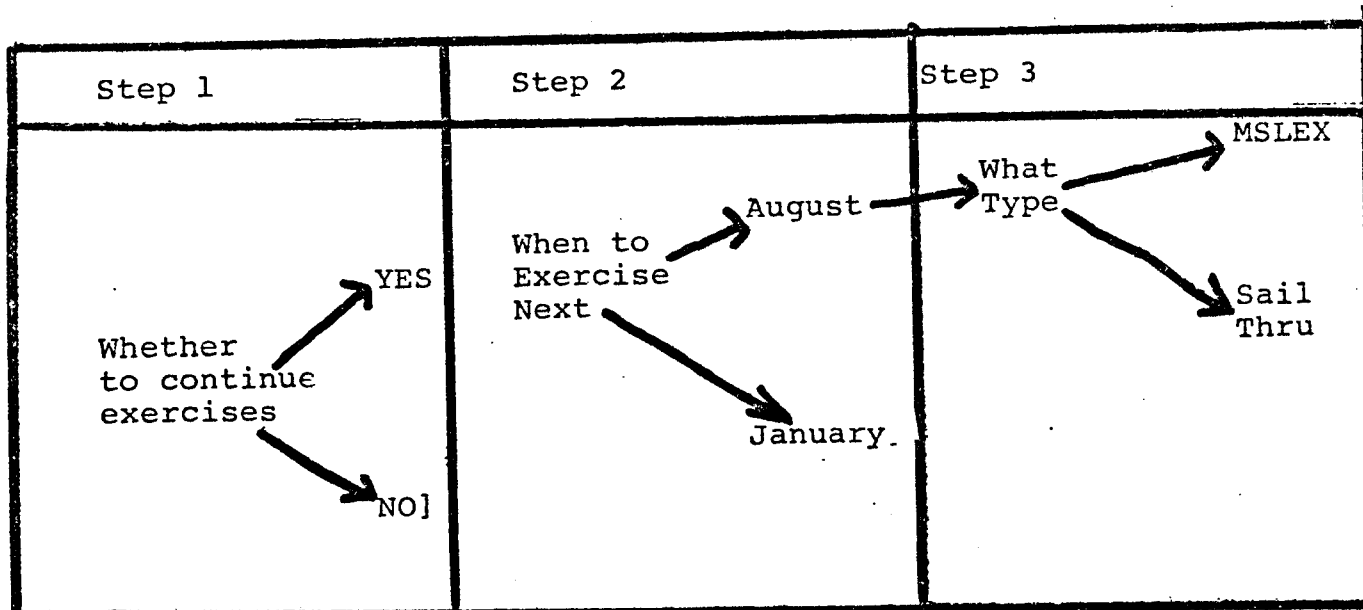




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Type of Exercise	Goals		
	Political Signal About Qadhafi	LOS Challenge Program	Live Missile Training
Missile Exercise	Yes	Yes	Yes
Sail Thru Exer	Maybe	Yes	No

Table 2

Decision Chart on Sidra ExerciseTOP SECRET/SENSITIVE

EXECUTIVE SECRETARIAT**Routing Slip**

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR				
4	D/ICS				
5	DDI	✓			
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/EEO				
14	D/Pers				
15	D/OEA				
16	C/PAD/OEA				
17	SA/IA		✓		
18	AO/DCI				
19	C/IPD/OIS				
20	NID/NEA	✓			
21					
22					

SUSPENSE _____
Date _____

Remarks:

Executive Secretary

7/12/82

Date